


Travelodge

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C. Wayne Miller
Vice President
Franchise Administration

August 2, 2001

VIA AIRBORNE EXPRESS

Mr. Gopal Govan
265 Union Ave.
Memphis, TN 38103

Re: NOTICE OF TERMINATION of License to operate Travelodge® System Unit #7032-83283-1 located in Cincinnati, OH (the "Unit")

Dear Mr. Govan:

Travelodge Hotels, Inc. ("THI") and you ("Licensee") entered into a License Agreement dated March 8, 2000 ("License Agreement") pertaining to the operation of the Unit as part of the Travelodge System.

By letter dated November 15, 2000, THI notified Licensee that it was in default of its financial obligations under the License Agreement and had 10 days to cure this failure to pay. Licensee was again notified of its continuing default status by letter dated May 16, 2001. Licensee has not cured within the requisite time period, nor has Licensee filed its required monthly franchise reports since January 2001.

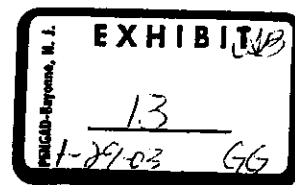
By letter dated August 21, 2000, THI notified Licensee of its failure to meet the minimum quality standards the License Agreement requires, after the Unit received a failing quality assurance inspection score of 292-F. Representatives of THI reinspected the Unit on December 13, 2000 and June 19, 2001 at which time THI confirmed that Licensee did not cure this quality assurance default. Following these inspections, the Unit received a failing score of 122 and 15.

Inasmuch as Licensee continues not to pay outstanding monies, file its required monthly franchise reports and meet minimum system standards, I write to notify Licensee that the License Agreement is hereby terminated effective August 2, 2001.

Pursuant to the terms of the License Agreement, Licensee must completely deidentify the Unit from its appearance as a Travelodge guest lodging facility within ten days of your receipt of this letter. Licensee must discontinue further use of the Travelodge tradename and service marks on or about the Unit, including any form of advertising to promote the Unit as a Travelodge System Unit. Licensee must remove all directories, guest comment cards, stationary, matchbooks, do not disturb cards, ash trays and other items that bear the Travelodge name, logo or registered service marks. All billboards, on-premises signs and listings in telephone directories, the Internet, travel guides, hotel indices, and similar guides, in which the Unit is identified as a Travelodge System Unit must be changed. Finally, Licensee must return to Travelodge all training documents, operating manuals and like proprietary material.

Delivery Refused 8/3/01
Returned 8/6/01
004645638 815

Resent to Property
Address 8/7/01
004645656 912
8/8/01 - Deliver
A. Peauley - sign



THI 0103

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As a result of Licensee's premature termination of the License Agreement, Licensee is required to pay to THI liquidated damages in the amount estimated to be \$142,000.00, as provided for in Section 12 of the License Agreement. In addition, demand is hereby made for past due Recurring Fees and all additional monies to which THI is entitled under the License Agreement. The monies due and owing to THI as of August 2, 2001 are estimated to be \$57,977.96. Licensee is obligated to pay all Recurring Fees and additional monies through the date of deidentification.

Payment should be received within 30 days of the receipt of this letter, as required under the terms of the License Agreement.

If Licensee does not complete deidentification and remit payment as required above, THI will have no alternative but to commence legal action to enforce Licensee's obligations and to collect all monies due, plus damages and other relief pursuant to the Lanham Act.

Should you have any questions or need any assistance with the deidentification of the unit, please contact Ray Ross at (973) 496-5214.

Sincerely,

C. Wayne Miller

cc: Bob Foley
Craig Wilson

THI 0104